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3 MAY 1972

MEMORANDUM FOR: Executive Director-Comptroller
SUBJECT : Improving the Fitness Report Program

1. From a review of the Agency's performance evaluation system and Federal personnel management plans in this area we recommend certain changes to improve the Fitness Report Program. These recommendations are contained in the Attachment, which would be suitable for presentation in a meeting of the Deputy Directors should you wish to do so.

2. There is no current prospect of major changes in Federal performance evaluation programs which would bear on this Agency's system.

a. A representative of the Civil Service Commission advises that the Commission contemplates no significant changes in current policies and procedures for performance evaluation in the foreseeable future. The Commission will continue to review and approve systems as developed by Federal agencies within the present policy framework as established in the Federal Personnel Manual. Ordinarily such plans will have three rating levels: Outstanding, Satisfactory, and Unsatisfactory.

b. The Foreign Affairs Manual was amended recently to require that the rated officer, after reviewing the completed report and the reviewing officer's comments, append a statement "Certifying that the rating officer discussed the performance and the report ... with the rated officer and commenting on the extent to which adequate goals or standards for the rated officer's performance had been established. The rated officer may rebut the evaluation ... and comment on its contents if he chooses." Responsible planning officers in the Department also advise that other proposals which are being developed for possible future consideration would discontinue numerical ratings, call for employees' self appraisals, and generally allow raters more freedom in presenting comment on significant aspects of performance.

3. This Agency's system of performance evaluation evolved through at least a dozen significant modifications during the last twenty years. In its present form it represents practical adjustments in consideration of multiple and sometimes conflicting management objectives. For example:

a. The advantages to the Agency of a single system have been found to outweigh possible advantages which might derive from the development of different systems to meet more directly the specific needs of the several career services.

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b. Although "Unsatisfactory," "Satisfactory," and "Outstanding" rating categories would probably satisfy Agency level interests in evaluating individual performance, a scale of five categories has proven to be more useful and adaptable to the more refined needs of the several career services. These adaptations have been formalized in some cases through component publications of special guidance to various groups of supervisors in the use of the Fitness Report.

c. In response to shifts in the focus of management's interest, the Agency system has moved from showing the employee the full report of his performance evaluation to showing him one-half of a two-part report (Performance and Potential) to, as now, showing the employee all of the report except the comment of the reviewing official.

d. From time to time some of the five rating categories have been renamed to accommodate changes in management's interest. For example, at various times management has looked to the system for statistical comparisons in accordance with a normal distribution curve, for distinctions between the levels of performance among the majority of employees who are performing within acceptable limits, and for the identification of employees whose performance is marginal and requires corrective action.

4. This review has led us to conclude that it would be in the Agency's interest to retain the basic format of the current Fitness Report with five rating categories. This will continue to provide enough standardization to allow comparisons of the ratings in different components of the Agency and will ensure continuation of the ability to make comparisons of current and future ratings with past records of performance. As in the past, modifications of items within this framework can be made in response to shifts in management interest.

5. I will be glad to discuss these proposals with you at your convenience.

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Harry B. Fisher
Director of Personnel

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